



Appeals

Alternative Dispute Resolution

2003 IRS Nationwide Tax Forum



Appeals Mission

Resolve tax controversies, without litigation, on a basis which is fair and impartial to both the government and the taxpayer, and in a manner that will enhance voluntary compliance and public confidence in the integrity and efficiency of the Service.

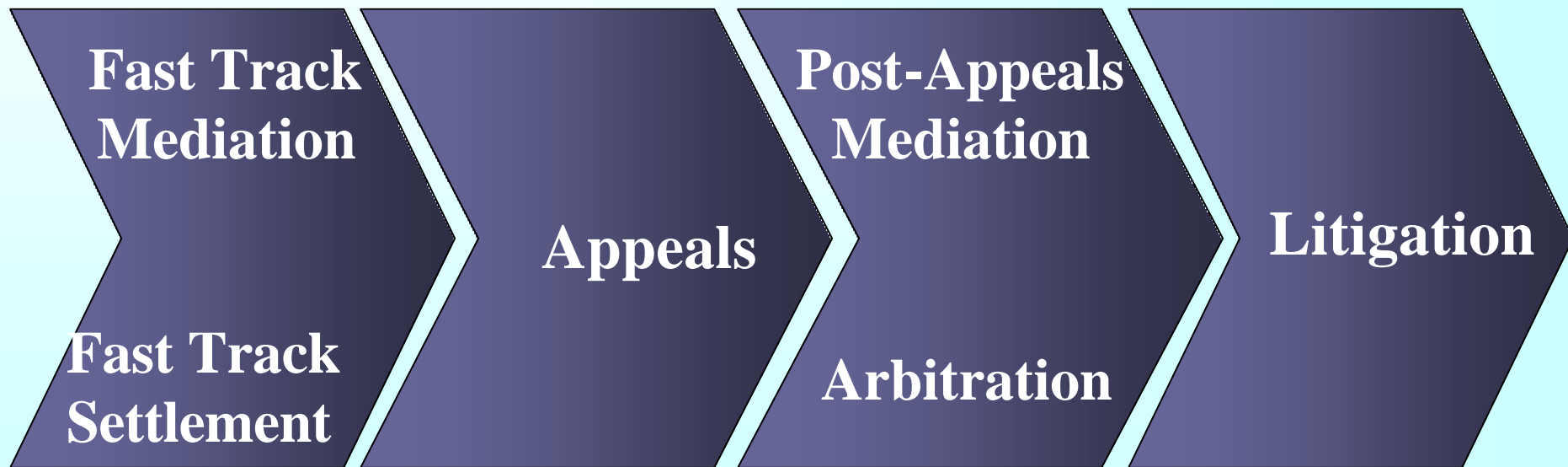


Why Alternative Dispute Resolution (ADR)?

- **Improving tax administration, by**
 - **Shortening the overall process**
 - **Reducing taxpayer burden, and**
 - **Avoiding costly tax litigation**



Current ADR Options





Fast Track Strategy

- **Involve Appeals tools earlier**
- **Shorten length of process**
- **Cases remain in Compliance's jurisdiction**
- **Taxpayers:**
 - **May withdraw at any time**
 - **Retain traditional appeal rights**



What is Mediation?

- **Third person to discuss the issues involved and help develop options for resolution.**
- **Neutral**
- **Confidential**
- **Does not impose decision**



Fast Track Mediation

Eligible Cases

- **Examination**
 - **Non-docketed**
- **Collection**
 - **Field-source OIC**
 - **TFRP**
 - **Qualifying CDP**

Exclusions

- **Docketed cases**
- **Issues designated for litigation**
- **Issues with no legal precedent/conflict among the courts**
- **Campus source cases**



Fast Track Mediation Process

- **Agreement to Mediate**
- **Summaries of disputed issues**
 - **Compliance and taxpayer**
- **No formal protest**
- **Appeals employee – neutral mediator**
- **All decision-makers must be present**



What happens at the end?

➤ Resolved

- Compliance closes through normal process

➤ Unresolved

- Taxpayer retains all appeal rights



Fast Track Settlement

➤ Available for:

- LMSB taxpayers
- Factual and legal disputes

➤ Employs:

- Mediation techniques
 - All Appeals tools
- ## ➤ Appeals settlement authority applies
- ## ➤ All parties must agree to settlement



Fast Track Settlement Key Features

- **Settlement within 120 days**
- **Waiver of ex parte provisions**
- **No “hot” interest**
- **Only one tax computation**
- **Delegation Order 236 could apply**



Post-Appeals Mediation

- **After traditional Appeals consideration**
- **Non-binding**
- **Applies to all non-docketed Appeals cases except:**
 - **Collection cases**
 - **Those where TP did not act in good faith**



Arbitration

- **After unsuccessful Appeals negotiations**
- **Specific factual issue(s) after all others resolved**
- **Binding on both parties; no further appeal**



Arbitration

- **Additional exclusion:**
 - **Cases where arbitration is not appropriate
(5 U.S.C. 572 or 575)**



Appeals and ADR in Tax Shelter Arena

- **New products and solutions for new problems**
- **Appeals contributes:**
 - **Independent assessment of the hazards**
 - **Early and quick assistance in dispute resolution**
 - **Settlement authority**
 - **Full range of Appeals tools**



Helpful Information

Appeals Website:

www.irs.gov/appeals

Publication 3605, Fast Track Mediation

Notice 2001-67, Fast Track Settlement

Rev Proc 2002-44, Mediation

Announcement 2002-60, Arbitration